



MINUTES

Wednesday, February 8, 2006

8:30 a.m. – 10:30 a.m.

Missouri Department of Transportation, Creek Trail Drive

The February 8, 2006 meeting was called to order at 8:30 a.m. by Co-Chairs Micki Knudsen and Les Balty.

Agenda Items

Deferred Compensation Transition – Allen Scott, OA

Allen discussed the new deferred compensation contract with CitiStreet. Effective June 1, 2006, CitiStreet will become the new third party administrator. CitiStreet will be mailing an oversized postcard to employees to introduce their company and to give out information regarding their company. Seminars for employees and HR/Payroll staff will be scheduled this summer. He stated that the new contract includes more options, more flexibility, and will be very automated. There will be seven representatives statewide, with two in Jefferson City. Employees who are already in the deferred compensation plan will not have to reenroll. Fixed accounts will be moved automatically. CitiStreet has only one fixed account – ING. As far as the mutual funds, they will not be affected. The 30 mutual funds will stay the same, plus CitiStreet has more mutual funds to choose from and the stock exchange will be also available.

SAM II Update – Vandee DeVore, OA

Vandee reminded everyone to make sure they work with their financial people with any reorganization codes their agency might have. If your agency has any reorganizations, please let Norma Wieberg know.

OA Update – Bruce Prenger, OA*

Bruce stated that effective February 1, OA Personnel is split into two areas instead of four. The Employee Services area will be headed by Doug Smentkowski, and the Pay, Leave & Reporting area will be headed by Gary Fogelbach. In Chester White's absence, Gary Fogelbach will serve as the O.A. Personnel Deputy Director.

Other Announcements*

Micki spoke about a pilot incentive program for MoDOT employees starting April 1, 2006, which is called "Performance Plus." This program provides up to \$2000 in cash incentives per year to about 550 eligible employees for meeting a certain goal.

Les and Micki reminded everyone that a new SHRMC co-chair needs to be named for the new year, which starts in May. Les will be staying on as one of the co-chairs for another year.

To provide a forum to State human resource managers for coordinating, reviewing, and recommending effective statewide human management systems; and to enhance the climate for motivation and development of State government human resources to best serve the citizens of Missouri.

Next SHRMC Meeting: March 8, 2006, 8:30 a.m.

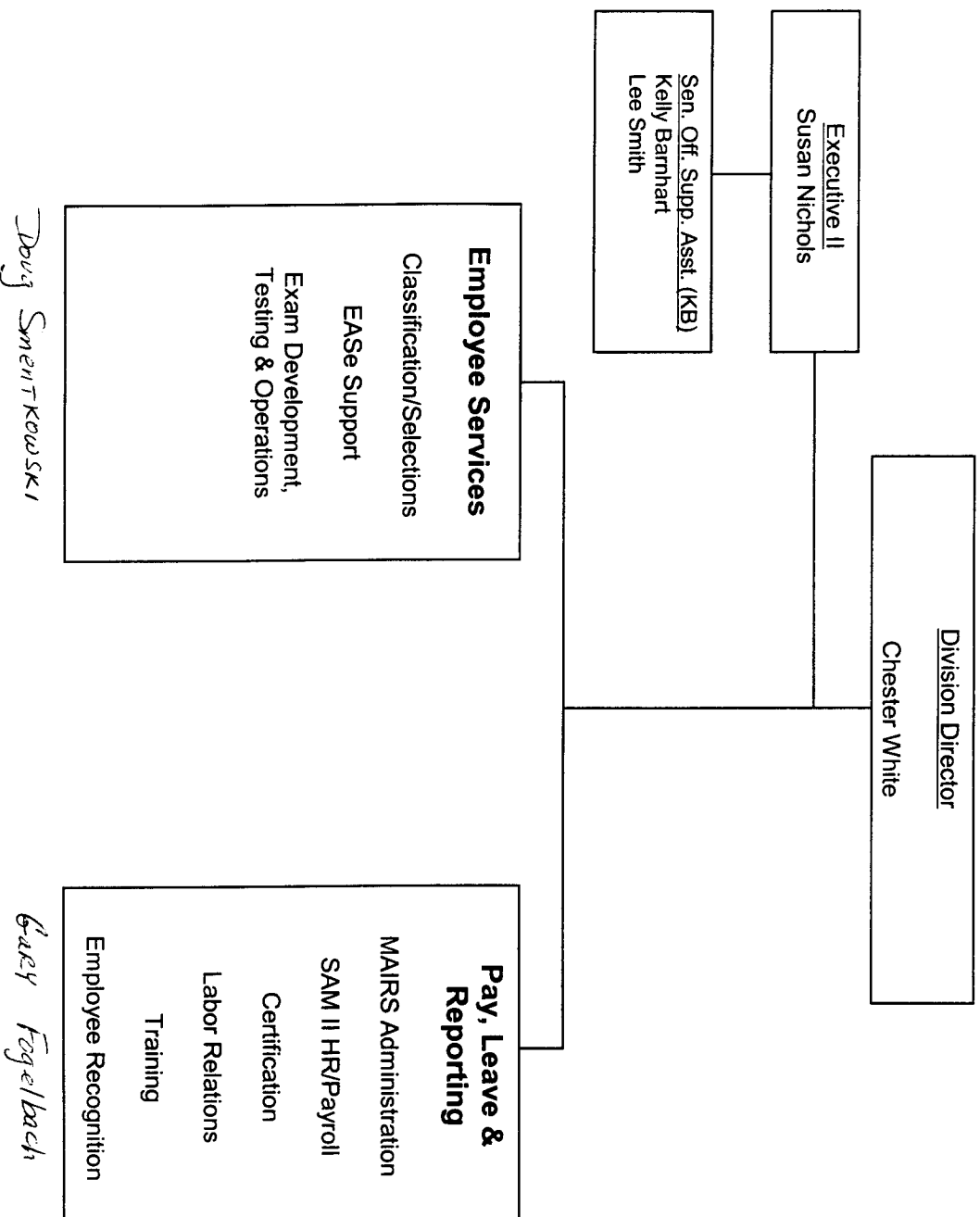
Location: MoDOT, 1320 Creek Trail Drive, Conference Room I-70

Meeting adjourned.

***THE HANDOUTS FOR THESE TOPICS ARE BELOW.**

OFFICE OF ADMINISTRATION
Division of Personnel

EFFECTIVE
2/1/06





PerformancePlus

An Innovative Employee Incentive Program

The Key to MoDOT's Success

When MoDOT managers got together in November 2004 to set the department's direction under new director Pete Rahn, the first value they agreed to adopt was to "support and develop employees because they are the key to our success."



Because we work in a government setting and must be good stewards of the taxpayers' money, we don't always have the luxury of rewarding our employees with raises and cash bonuses for a job well done. Often we have to settle for a pat on the back or a nice note of appreciation. That's why our employee satisfaction surveys have consistently cited rewards for good work as a problem area.

Performance Plus in a Nutshell

Performance Plus provides up to \$2,000 in cash incentives per year to about 550 eligible employees for meeting a very important tangible result: fast projects that are of great value. This value relates directly to our core business, is highly visible to the traveling public and provides an opportunity for significant impact.

The program has the potential to reward MoDOT employees who are permanently assigned to construction project offices statewide if they achieve a final construction cost of 1% above the contract award amount (or less) on projects in our Statewide Transportation Improvement Program. The savings that come from reducing project costs will fund the quarterly payments. Based on our current two percent construction contingency, even jobs that come in at one percent above the contract award amount will result in cost savings.

Here's a hypothetical scenario to give you an idea of how the program will work: You work for the Con-tender project office in District A. You and your co-workers figure out a way to cut your total project(s) costs by two percent. Under Performance Plus, you and your project office coworkers are eligible to receive a \$250 incentive for your hard work. You also have the chance to get that same amount every quarter in which the project office completes all projects within 1% above the contract award amount (or less).

At this time in MoDOT history, when you have been asked to deliver a record amount of work in an incredibly short amount of time, we wanted to come up with a better way to recognize you for your hard work.

So some people from Organizational Results, Human Resources, Construction and Materials, the Controller's Division, the Chief Counsel's Office and the districts put their heads together and thought outside the box to create a pilot project for rewarding certain employees with cash incentives. The trial program has been approved at all levels and will be put into place April 1.

It's called Performance Plus, and here's how it will work:

The even better news is you have an opportunity to receive additional incentives if you're eligible. That's because you can also earn \$150 per quarter (or \$600 annually) if your district achieves a net final construction cost of 1% above the contract award amounts (or less) on all projects completed during the quarter. The same goes for the whole department. In any given quarter, if all of the department's STIP projects combined are completed within one percent or less of the contract award amounts, all eligible employees can receive \$100 quarterly (or \$400 annually).

However, you're only eligible for the department incentive if you reach your district goal, and you can only get the district incentive if your project office has hit the one percent cost savings target.

There are just two directives for this program: we won't tolerate anything that jeopardizes safety or quality; and the program will not be subject to grievances.

What's Next

We know this pilot program has some challenges because it only affects a limited number of employees. But it's just that – a pilot – and at this time it's still limited in scope. We hope it will grow to be a broader employee



incentive program, but first we want to make sure it accomplishes our goals.

Our pledge to you is at the end of the year, if this pilot has been successful, we'll offer the Performance Plus program to other employees who come up with ways to cut costs while achieving our tangible results. The key to the program is that it must pay for itself. In this time of tight resources, this is a positive way to provide additional compensation. It also shows the public we're using our resources wisely.

We want to do all we can to reward and retain our valuable employees, and this program is one way we can increase our agency's total compensation package. In addition, we'll also support any pay raise the legislature proposes for state employees.

Questions?

Nothing as innovative as this initiative is ever easy. We know you'll probably have lots of questions, and we've attempted to answer them in the Performance Plus FAQ's document that can be found on our intranet site. If you still have questions, feel free to send them to yourcomments@modot.mo.gov.

Here are two charts that explain the various possibilities:

Performance Plus Payout Possibilities

Quarterly Performance Results	Project Office Level	District Level	Organizational Level	Total Incentive
Project Office does not meet target	\$0	\$0	\$0	\$0
Project Office meets/exceeds target; district and organization do not meet target	\$250	\$0	\$0	\$250
Project Office meets/exceeds target; district meets/exceeds target, but organization does not meet target	\$250	\$150	\$0	\$400
Project Office, district and organization meet/exceed target	\$250	\$150	\$100	\$500

Performance Plus Payout Example

	Contract Award Amount	Final Construction Cost	Change	P+ Payment Target Met?	Quarterly Incentive Payout
Project Office 1	\$ 7,982,946	\$ 8,059,727	0.96%	Yes	\$ 250
Project Office 2	\$ 4,841,627	\$ 5,058,527	4.48%	No	
Project Office 3	\$ 32,256,832	\$ 33,257,180	3.10%	No	
District A	\$ 45,081,407	\$ 46,375,435	2.87%	No	
Statewide	\$ 215,132,082	\$ 218,918,410	1.76%	No	
Project Office 5	\$ 5,319,254	\$ 5,273,750	-0.86%	Yes	\$ 400
Project Office 6	\$ 31,614,385	\$ 32,062,120	1.42%	No	
Project Office 7	\$ 661,684	\$ 646,965	-2.22%	Yes	
Project Office 8	\$ 10,289,371	\$ 10,317,855	0.28%	Yes	
District B	\$ 47,884,696	\$ 48,300,691	0.87%	Yes	
Statewide	\$ 215,132,082	\$ 218,918,410	1.76%	No	